

PANDALIA GROROUP (T) CO. LIMITED

BUSINESS PLAN

FOR

ESTABLISHMENT OF INDUSTRIAL

WAREHOUSES FOR LEASE

## 1.0 INTRODUCTION

This is a report for business plan for PANDALIA GROOUP (T) CO. LIMITED for the purposes of development of an industrial warehouse at **Plot No.509 Block A, Ukonga Ilala District, Dar es Salaam Region**. The project promoters see big opportunities to set up warehouse facilities for storage and industrial purposes for own use and leasing to potential clients who are looking good warehouse in Dar es Salaam, the warehouses are being developed by PANDALIA GROOUP (T) CO. LIMITED, a registered Limited company incorporated under the Companies Act, 2002 on the 3<sup>rd</sup> December, 2014 with registration No. 1113498.

The main role that is going to be assumed by PANDALIA GROOUP (T) CO. LIMITED is the development of warehouses infrastructure for lease market

PANDALIA GROOUP (T) CO. LIMITED's mission is to always provide the best possible value to its customers who care about quality, also to create and nurture a healthy, creative and respectful office and workshop environment, in which its employees are fairly compensated and encouraged to respect the customer and the quality of the product it produces.

### 1.1 PANDALIA GROOUP (T) CO. LIMITED MISSION

To become a leading storage services provider, providing high standards in service quality, safety and environment, innovative solutions and services to various industries and promote

corporate and personal growth exceeding customer expectations.

#### **1.2 PANDALIA GROROUP (T) CO. LIMITED MISSION VISION**

To be a leader and pioneer in East Africa in industrial warehousing industry.

#### **1.3 PANDALIA GROROUP (T) CO. LIMITED VALUES**

PANDALIA GROROUP (T) CO. LIMITED, we believe the customer comes first; the company management is focused to ensure customer delight, superior quality of delivery and increased customer profitability.

At PANDALIA GROROUP (T) CO. LIMITED, our operation is based in Dar es Salaam region, we practice an enduring value system based on an open culture, honest and fair business and personal conduct, earning the confidence and trust of our Associates and Customers.

At PANDALIA GROROUP (T) CO. LIMITED, we practice transparency with all agencies that we are involved with.

At PANDALIA GROROUP (T) CO. LIMITED, we value the importance of our colleagues, evolving a sense of togetherness and passion to deliver.

#### **1.4 COMMITMENT TO SUCCESS**

Endeavor to find solution and exceed customers' expectations.

## 1.5 TEAM PLAYERS

Possess positive attitude among ourselves, the customers and adopt company standards and system.

## 1.6 COMPANY OWNERSHIP AND BOARD OF DIRECTORS

PANDALIA GROOUP (T) CO. LIMITED is promoted by two shareholders from China which are very experienced in local and international business range from real estate development and manufacturing etc.

Name	Shares %	Nationality
Wang Ting	70	Chinese
Zhu Huishan	30	Chinese

The PANDALIA GROOUP (T) CO. LIMITED upholds values of its shareholders and operate within strict legal and ethical guidelines based on national statutes and international best practice standards.

## 1.7 GOVERNANCE & TECHNICAL PERSPECTIVE

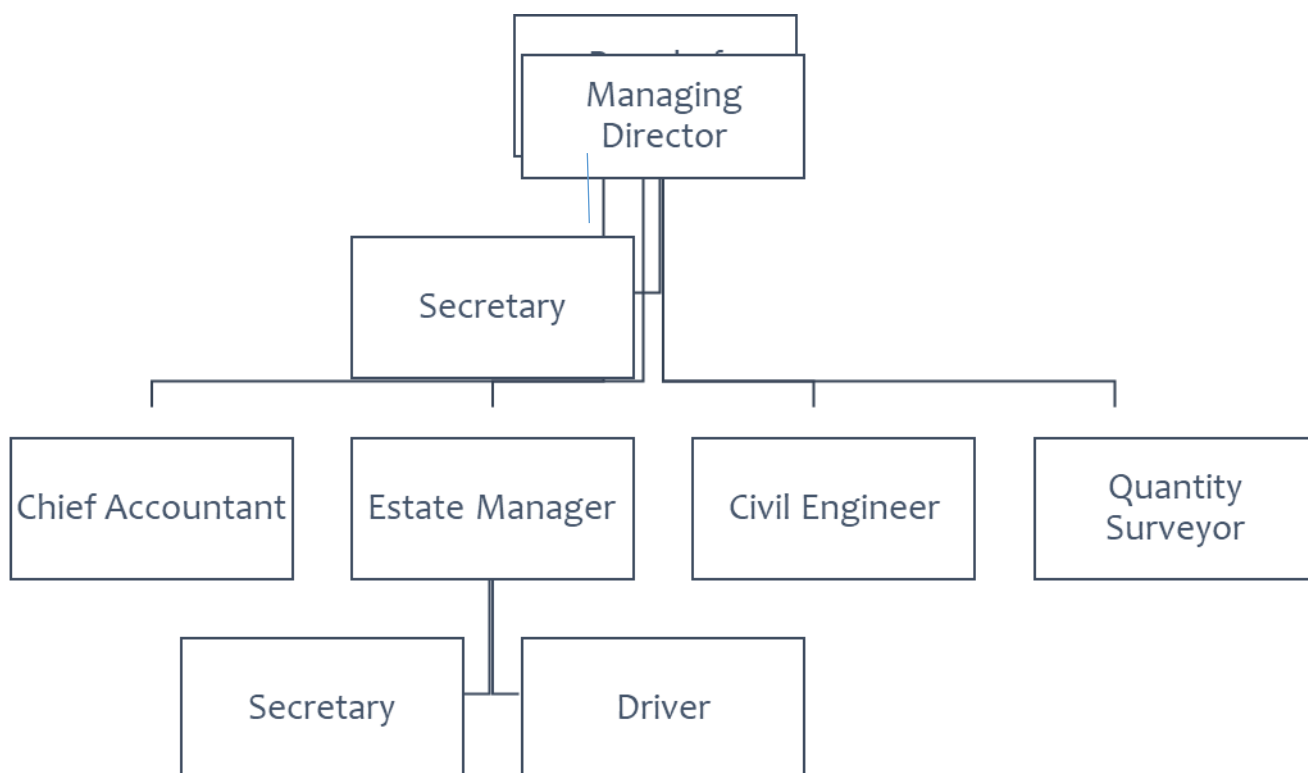
The company is working under the auspices of the board of directors that oversees the governance and strategic part of the company, with the Managing Director on the ground giving strategic guidance and direction to ensure that the Company achieves its financial vision, mission and long-term goals. The MD is supported by four senior officers who supervise day-to-

day operations of the company with the support of other technical and non-technical staff in different functions such as accounting and procurement management, engineering, construction and quantity survey to ensure that company and stakeholder's objectives are fulfilled.

### 1.8 MANAGEMENT AND MANAGEMENT INFORMATION SYSTEM

The Managing Director leads the team of senior staffs designated as Chief Accountant, Estate Manager, Civil Engineer and Quantity Surveyor leading their designated departments under the support of other staff.

Organization Structure



## 1.9 JOB CREATION

The company will nurture its employees and introduce measures to promote job satisfaction and career progression as the business grows, the direct job to be employed PANDALIA GROOUP (T) CO. LIMITED in managing the warehouse facilities is estimated employing **45** among of them 5 foreigners.

## 2.0 PROJECT INVESTMENT COST

PANDALIA GROOUP (T) CO. LIMITED plan to construct the warehouses in 2 phases

The project is expected to be divided into 4 phases

### PANDALIA GROOUP (T) CO. LIMITED COST STRUCTURE

Land and Buildings	1,280,000
Machinery & Equipment	250,000
Motor Vehicles	100,000
Furniture & Fixtures	5,000
Pre exp	20,500
Others	50,000
Working Capital	70,000
<b>TOTAL</b>	<b>1,775,000</b>

## 2.1 PROJECT FINANCING

The total Costs of the project is estimated to be USD is **USD 1,775,000**, the shareholders of PANDALIA GROOUP (T) CO. LIMITED and cash generated from other business will contribute **US\$ 355,000** and the remaining amounting to **US\$ 1,420,000** to be sourced from financial institutions with bank interest of **8%** the loan to be repaid within 5 years.

## 2.2 PROJECT PROJECTED REVENUE

The company has estimated that the rental fee for each warehouse to be **US\$ 5** for **10,000Sqm** .

## 3.0 INDUSTRIAL TRENDS

The Analysis conducted revealed that in Tanzania currently there is a lack an adequate warehouses facility with full facilities to accommodate the growth of manufacturing sector in. PANDALIA GROOUP (T) CO. LIMITED project come up with the proposed potential options for addressing this shortage.

Warehouse facilities are an important tool for attracting investment and technology, given that some of the key factors that influence investment decisions are the availability of land, infrastructure, quality services and proximity to strategic markets. The technology transfer opportunities that foreign investment in particular can bring to an economy are crucial to

improving production capacity through the associated transition from labour-intensive to technology-intensive production that often accompanies it.

- **Regional and national development:** Contributing to regional and national development is often a primary driver of the decision to establish warehouse facilities that foster new investment, industries, jobs, linkages and growth.
- **Improving the business environment:** Warehouse facilities can improve companies' productivity by reducing production costs, reducing waste and pollution, and generally increasing economic opportunities.
- **Fostering innovation:** Warehouse facilities create environments that foster collaboration and innovation by providing a location where the government, the private sector and universities and research institutes can collaborate, as well as conduct and commercialise research and reinforce entrepreneurship. Warehouse facilities can also support entrepreneurs by incubating new businesses. The shared services offered by warehouse facilities can moreover reduce small business market entry barriers and facilitate access to seed capital
- **Economic experimentation and demonstration.** Warehouse facilities can serve as a test of economic reforms, new policies and approaches in a geographically-concentrated pilot area. Their demonstration effects can then, if

successful, be replicated nationwide, along with the best practices drawn from these pilots and their demonstration effects then being applied to other industrial locations and businesses

- Community development. Industrial parks, as local economic hubs and growth centres with certain positive externalities, can (when properly designed) serve as platforms for delivering on broader local community goals, such as local employment creation, as well as transportation services, education and training, health care, mail and communication services, and others
- Promoting environmental safeguards. Warehouse facilities can offer the opportunity to decrease production costs through common infrastructure and systems, while also leading to increased materials, water and energy efficiency, including through waste recycling, water management and resource recovery. Eco-warehouse facilities can further reduce pollution and waste by applying pollution prevention, renewable energy, industrial symbiosis, and other environmental management methods and technologies.

## **4.0 THE MARKET**

### **4.1 General Market Review**

Market observations in reveal that there is still high demand for high quality industrial premises with readymade infrastructure,

quality workmanship, quality design, and services available and affordable price are basic factors to attract investors in the industrial park.

## 5.0 BUSINESS ANALYSIS

PANDALIA GROOUP (T) CO. LIMITED potential and capability for survival is based on the following facts:

- PANDALIA GROOUP (T) CO. LIMITED products and services are reputed for quality.
- PANDALIA GROOUP (T) CO. LIMITED workers have requisite capability and experience.
- The location of PANDALIA GROOUP (T) CO. LIMITED in Ilala District, which is the nearby Port, Railway, international airport, market etc.

## 5.1 PLANNED OBJECTIVES

The planned objectives are meant for construction of warehouses for lease.

## 5.2 STRATEGIES

In order to achieve the above objectives, it is planned to implement the following strategies;

- Equip the project adequately by installing state-of -the-art facilities and support infrastructure;
- Institute a preventive maintenance programme;

- Develop and implement an effective marketing policy–Target Marketing; develop and implement an advertising and promotional programme;
- Establish an effective financial and resources management.

### **5.3 IMPLEMENTATION**

It is expected that the project will be implemented in 5–year period that involves plot construction of

### **6.0 FINANCIAL APPRAISAL**

The company’s financial projections have been prepared over the period of 8 years. As mentioned, US\$ 1,750,000 bank loan is expected to be sought from financial institution during the initial stage of the project implementation period.

#### **6.1 FINANCIAL REVIEW**

The financial review as shown on appendices attached to this document of **PANDALIA GROOUP (T) CO. LIMITED** business shows that: –

- The project is profitable;
- The liquidity position is sound and that it should be able to meet its financial commitment without any undue difficulty;
- The operations are financially viable;
- The key ratios are acceptable.

## 6.2 FINANCIAL APPRAISAL

- The company's financial projections have been prepared over the period of 8 years. As mentioned, no bank loan is expected to be sought during the initial stage of the project implementation period.

- **Considerations and Assumptions:**

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied, it is assumed to be 10% annual depreciation.

- It is assumed that the major building raw material will be procured from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the real estate industry.
- 8 years financial projections have been worked out

## 12.3 Projected Rental Revenue

For projection purposes, it is assumed that the economic life of the project is 8 years, and that revenue from business commence from the first year of operation

## 12.4 Projected Profit and Loss Statement

The Income and Expenditure Statement show the projected income for the 8years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from negative **US \$195,225** in first to **US \$ 2,315,600** in 8<sup>th</sup> year.

## 12.4 Projected Cash Flows

This is shown in the Projected Cash Flows Statement. They indicate that the project will meet its entire financial obligation, the net cash flow in the first-year rise from negative **US\$ 347,425** and grow up to **US 2,965,200** in 8<sup>th</sup> year.

## 12.5 Projected payback period

Total investment is **US \$ 1,775,500**, cash accumulation in year 6 is **US\$ 2,148,787** more than the initial investment costs.

## 13.0 ECONOMIC ADVANTAGES

Several Social Economic benefits that will be apprehended in the course of operating this undertaking will include the following:

- **SOCIAL AND ECONOMIC IMPACT OF THE PROJECT**

The project will have both economic and social benefits to the community and the country as a whole. The first and foremost important benefit will be to the Municipality in which the industrial

will be located with potential for increasing the standard of living for people in that particular area.

- **EMPLOYMENT EFFECT**

The project will create employment to both skilled, semi-skilled, unskilled staff and casual labourers. The company will also create employment opportunities to locals. The employees will also benefit from contribution by the employer for social security fund. In addition, the plant operations will increase activity levels consequently trigger income spillover effect to the neighbouring people.

- **CONTRIBUTION TO GOVERNMENT REVENUE**

The project will contribute to the Government reserve in form of taxes, payroll levy, land rent, and other taxes and duties on local and export sales. In addition, the project will have a multiplier effect in the economy as a whole.

- **PROJECT SENSITIVITY TO ENVIRONMENT**

The environmental impact assessment is a key guide to this project. In that sense the project will do thorough research on the nature of the environment around the site and by means of national guidelines, use all means possible to keep the environment natural within the project area. No interruptions will be done unnecessarily and where necessary the highest precaution will be made.

## 14.0 CONCLUSION AND RECOMMENDATION

The project is consistent with the governments Industrial Policy, financially and economically viable, socially desirable and environmentally friendly, hence it is recommended for approval and obtain strategic status





PANDALIA GROOUP (T) CO. LIMITED PROJECTED INCOME STATEMENT US\$

	1	2	3	4	5	6	7	8
Revenue	550,000	577,500	606,375	636,694	668,528	701,955	737,053	773,905
Operating Expenses:	137,500	144,375	151,594	159,173	167,132	175,489	184,263	193,476
Profit before Depreciation &Interest	412,500	433,125	454,781	477,520	501,396	526,466	552,789	580,429
Interest	113,600	90,880	68,160	45,440	22,720	–	0	0
Depreciation	38,600	38,600	38,600	38,600	38,600	38,600	38,600	38,600
Gross Profit	260,300	303,645	348,021	393,480	440,076	487,866	514,189	541,829
Tax (30%)	65,075	91,094	104,406	118,044	132,023	146,360	154,257	162,549
Profit After Tax	195,225	212,552	243,615	275,436	308,053	341,506	359,933	379,280
Accumulated Profit	195,225	407,777	651,391	926,828	1,234,881	1,576,387	1,936,320	2,315,600

PANDALIA GROOUP (T) CO. LIMITED PROJECTED CASH FLOWS STATEMENT US\$

<b>SOURCES:</b>		1	2	3	4	5	6	7	8
Profit before interest and depreciation		412,500	433,125	454,781	477,520	501,396	526,466	552,789	580,429
Equity	355,000								
Loan	1,420,500								
<b>Total Sources</b>	<b>1,775,500</b>	<b>412,500</b>	<b>433,125</b>	<b>454,781</b>	<b>477,520</b>	<b>501,396</b>	<b>526,466</b>	<b>552,789</b>	<b>580,429</b>
<b>Applications:</b>									
Capital expenditure	1,635,000	–	–	–	–	–			
working Capital &Others	140,500								
Cash	–	347,425	342,032	350,375	359,476	369,373	380,106	398,533	417,880
Tax	–	65,075	91,094	104,406	118,044	132,023	146,360	154,257	162,549
<b>Sub total</b>	<b>1,775,500</b>	<b>412,500</b>	<b>433,125</b>	<b>454,781</b>	<b>477,520</b>	<b>501,396</b>	<b>526,466</b>	<b>552,789</b>	<b>580,429</b>
<b>Total applications</b>	<b>1,775,500</b>	<b>412,500</b>	<b>433,125</b>	<b>454,781</b>	<b>477,520</b>	<b>501,396</b>	<b>526,466</b>	<b>552,789</b>	<b>580,429</b>
Accumulated cash		347,425	689,457	1,039,831	1,399,308	1,768,681	2,148,787	2,547,320	2,965,200

PANDALIA GROOUP (T) CO. LIMITED PROJECTED BALANCE SHEET US\$

Opening balance	–	1,635,000	1,596,400	1,557,800	1,519,200	1,480,600	1,442,000	1,403,400	1,364,800
Additions	–								
<b>Total Long-term Assets</b>	–	<b>1,635,000</b>	<b>1,596,400</b>	<b>1,557,800</b>	<b>1,519,200</b>	<b>1,480,600</b>	<b>1,442,000</b>	<b>1,403,400</b>	<b>1,364,800</b>
<b>Less depreciation</b>	–	<b>38,600</b>	<b>38,600</b>	<b>38,600</b>	<b>38,600</b>	<b>38,600</b>	<b>38,600</b>	<b>38,600</b>	<b>38,600</b>
<b>Closing balance</b>	–	<b>1,596,400</b>	<b>1,557,800</b>	<b>1,519,200</b>	<b>1,480,600</b>	<b>1,442,000</b>	<b>1,403,400</b>	<b>1,364,800</b>	<b>1,326,200</b>
Working capital	140,500	140,500	140,500	140,500	140,500	140,500	140,500	140,500	140,500
Accumulated cash	–	767,250	1,556,790	2,370,353	3,209,757	4,076,912	4,973,826	5,914,962	6,902,532
<b>Total assets</b>	<b>140,500</b>	<b>2,504,150</b>	<b>3,255,090</b>	<b>4,030,053</b>	<b>4,830,857</b>	<b>5,659,412</b>	<b>6,517,726</b>	<b>7,420,262</b>	<b>8,369,232</b>
Financed by									
Equity	355,000	355,000	355,000	355,000	355,000	355,000	355,000	355,000	355,000
Accumulated profit	–	519,750	1,102,990	1,751,453	2,466,957	3,251,412	4,106,826	5,006,462	5,952,532
Total equity	355,000		1,457,990	2,106,453	2,821,957	3,606,412	4,461,826	5,361,462	6,307,532
Long term loan	1,420,000	1,136,000	852,000	568,000	284,000	–	0	0	0
Bank overdraft	–	–	–	–	–	–	–	–	–
<b>Total debts</b>	<b>1,420,000</b>	<b>1,136,000</b>	<b>852,000</b>	<b>568,000</b>	<b>284,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total equity and debts</b>	<b>1,775,000</b>	<b>1,136,000</b>	<b>2,309,990</b>	<b>2,674,453</b>	<b>3,105,957</b>	<b>3,606,412</b>	<b>4,461,826</b>	<b>5,361,462</b>	<b>6,307,532</b>

PANDALIA GROOUP (T) CO. LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	Principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	284,000.00	113,600.00	397,600.00	1,420,000.00
2	284,000.00	90,880.00	374,880.00	1,136,000.00
3	284,000.00	68,160.00	352,160.00	852,000.00
4	284,000.00	45,440.00	329,440.00	568,000.00
5	284,000.00	22,720.00	306,720.00	284,000.00